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02-02225

Division of Solid & Hazardous Waste

Utah Department of Environmental Quality

Alliant Techsystems Inc.  
5050 Lincoln Drive  
Edina, MN 55436-1097

July 11, 2002

FEDERAL EXPRESS

Mr. Dennis Downs, Executive Secretary  
Department of Environmental Quality  
Division of Solid & Hazardous Waste  
288 North 1460 West  
Salt Lake City, UT 84116

Subject: Revised Financial Assurance Standby Letters of Credit and Trust Agreements

Dear Mr. Downs,

Pursuant to conversations held with Blake Robertson of your staff, and referencing your letter dated July 3, 2002 responding to ATK's initial submission of financial assurance documents for our Utah operations (dated June 17, 2002), ATK submits revised Standby Letters of Credit and Trust Agreements. These revised instruments contain the language discussed and agreed to between Blake Robertson and Kelly Aubrey of ATK. Attached with this memo are the following:

1. A copy of Irrevocable Standby Letter of Credit number 216436002 issued by Credit Lyonnais in the amount of \$6,212,844.00 addressing closure/post closure financial assurance requirements as listed below. The original document was provided to your department earlier and deemed acceptable.
2. The original Trust Agreement established with U.S. Bank National Association for the closure/post closure Letter of Credit.
3. The original version of Irrevocable Standby Letter of Credit number SLCMMSP02104 issued by U.S. Bank National Association in the amount of \$8,000,000 addressing liability (sudden and nonsudden accidental occurrences) financial assurance requirements as listed below.
4. The original Standby Trust Agreement established with U.S. Bank National Association for the liability Letter of Credit.

In accordance with Utah regulations R315-8-8, these instruments addressed financial assurance for ATK as follows:

EPA Identification Number	Facility Name and Address	Funds Assured for Closure	Funds Assured for Post Closure	Funds Assured for Liability
UTD001705029	ATK Aerospace Company Inc. P.O. Box 98 Magna, UT 84044-0088	\$1,249,669	\$0	\$8,000,000 (annual aggregate, sudden and non-sudden accidental)
UTD009081357	ATK Aerospace Company Inc. P.O. Box 707 Brigham City, UT 84302	\$2,442,261	\$2,520,914	

If you have any questions or further needs, please contact me at (952) 351-2663 or LaDonna Olson at (952) 351-2760. Thank you for your assistance with this matter.

Sincerely,  
Alliant Techsystems (ATK)

David W. Shead  
Corporate Environmental Compliance Manager

Enclosures  
cc's: page 2

page 2

July 11, 2002

Mr. Dennis Downs

Utah Department of Environmental Quality

Subject: Revised Financial Assurance Standby Letters of Credit and Trust Agreements

cc: Blake Robertson, Utah DEQ, Division of Solid & Hazardous Waste  
Susan Jew, ATK Aerospace Company Inc.  
Mike Robinson, Vice President ATK Environmental, Safety and Security  
Kelly Aubrey, ATK Corporate Risk Management  
LaDonna Olson, ATK Corporate Risk Management



**CREDIT LYONNAIS**

**IRREVOCABLE STANDBY LETTER OF CREDIT**

EXECUTIVE SECRETARY OF UTAH  
SOLID AND HAZARDOUS WASTE CONTROL BOARD

DEPARTMENT OF ENVIRONMENTAL QUALITY,  
DIVISION OF SOLID AND HAZARDOUS WASTE  
P.O. BOX 144880  
SALT LAKE CITY, UTAH 84114-4880

DEAR SIR OR MADAM,

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 216436002 IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF ALLIANT TECHSYSTEMS INC. 5050 LINCOLN DRIVE, EDINA, MN 55436-1097 UP TO THE AGGREGATE AMOUNT OF SIX MILLION TWO HUNDRED TWELVE THOUSAND EIGHT HUNDRED FORTY FOUR UNITED STATES DOLLARS (USD 6,212,844.00), AVAILABLE UPON PRESENTATION OF:

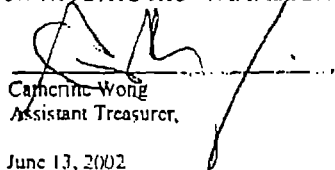
- 1) YOUR SIGHT DRAFT, BEARING REFERENCE TO THIS LETTER OF CREDIT NO. 216436002, AND
- 2) YOUR SIGNED STATEMENT READING AS FOLLOWS: "I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO 19-6 AS AMENDED".

THIS LETTER OF CREDIT IS EFFECTIVE JUNE 13, 2002 AND SHALL EXPIRE ON JUNE 13, 2003, BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED FOR A PERIOD OF ONE YEAR ON JUNE 13, 2003 AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST 120 DAYS BEFORE THE CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU AND ALLIANT TECHSYSTEMS INC. BY CERTIFIED MAIL THAT WE HAVE DECIDED NOT TO EXTEND THIS LETTER OF CREDIT BEYOND THE CURRENT EXPIRATION DATE. IN THE EVENT YOU ARE SO NOTIFIED, ANY UNUSED PORTION OF THE CREDIT SHALL BE AVAILABLE UPON PRESENTATION OF YOUR SIGHT DRAFT FOR 120 DAYS AFTER THE DATE OF RECEIPT BY BOTH YOU AND ALLIANT TECHSYSTEMS INC., AS SHOWN ON THE SIGNED RETURN RECEIPTS.

WHENEVER THIS LETTER OF CREDIT IS DRAWN ON UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON PRESENTATION TO US, AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF ALLIANT TECHSYSTEMS INC. IN ACCORDANCE WITH YOUR INSTRUCTIONS.

WE CERTIFY THAT THE WORDING OF THIS LETTER OF CREDIT IS IDENTICAL TO THE WORDING SPECIFIED IN 40 CFR 264.151(d) AS INCORPORATED BY REFERENCE IN R315-8-8 OF UTAH ADMINISTRATIVE CODE, AS SUCH REGULATIONS WERE CONSTITUTED ON THE DATE SHOWN IMMEDIATELY BELOW.

SIGNATURE:

  
Catherine Wong  
Assistant Treasurer,

TITLE:

DATE:

June 13, 2002

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500

CREDIT LYONNAIS, NEW YORK BRANCH, CREDIT LYONNAIS BLDG, 1301 AVENUE OF THE AMERICAS, NEW YORK, NY 0019,

## **TRUST AGREEMENT**

Trust Agreement, the "Agreement" entered into as of June 11, 2002 by and between Alliant Techsystems Inc., a Delaware corporation, the "Grantor," and US Bank National Association, a national bank, the "Trustee".

Whereas, the Executive Secretary of the Utah Solid and Hazardous Waste Control Board, "Executive Secretary", an entity of the State of Utah government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of a hazardous waste management facility shall provide assurance that funds will be available when needed for closure and/or post-closure care of the facility,

Whereas, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the facilities identified herein,

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee,

Now, Therefore, the Grantor and the Trustee agree as follows:

### *Section 1. Definitions, As used in this Agreement:*

(a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

*Section 2. Identification of Facilities and Cost Estimates.* This agreement pertains to the facilities and cost estimates identified on attached Schedule A.

*Section 3. Establishment of Fund.* The Grantor and the Trustee hereby establish a trust fund, the "Fund", for the benefit of the Agency. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the Agency.

*Section 4. Payment for Closure and Post-Closure Care.* The Trustee shall make payments from the Fund as the Executive Secretary shall direct, in writing, to provide for the payment of the costs of closure and/or post-closure care of the facilities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the Executive Secretary from the Fund for closure and post-closure expenditures in such amounts as the Executive Secretary shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the Executive Secretary specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

*Section 5. Payments Comprising the Fund.* Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

*Section 6 . Trustee Management.* The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (i) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2 (a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and
- (iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

*Section 7. Commingling and Investment.* The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

*Section 8. Express Powers of Trustee.* Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

*Section 9. Taxes and Expenses.* All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

*Section 10. Annual Valuation.* The Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the Executive Secretary a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the Agency Commissioner shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

*Section 11. Advice of Counsel.* The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

*Section 12. Trustee Compensation.* The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

*Section 13. Successor Trustee.* The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instruction. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the Executive Secretary, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

*Section 14. Instructions to the Trustee.* All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the Executive Secretary to the Trustee shall be in writing, signed by the Executive Secretary in which the facilities are located, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or Executive Secretary hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the Executive Secretary, except as provided for herein.

*Section 15. Notice of Nonpayment.* The Trustee shall notify the Grantor and the Executive Secretary, by certified mail within 10 days following the expiration of the 30-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

*Section 16. Amendment of Agreement.* This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the Executive Secretary, or by the Trustee and the Executive Secretary if the Grantor ceases to exist.

*Section 17. Irrevocability and Termination.* Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the Executive Secretary, or by the Trustee and the Executive Secretary, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

*Section 18. Immunity and Indemnification.* The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the Executive Secretary issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.



*Section 19. Choice of Law.* This Agreement shall be administered, construed, and enforced according to the laws of the State of Utah.

*Section 20. Interpretation.* As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written. The parties below certify that the wording of this Agreement is identical to the wording specified in 40 CFR 264.151(a)(1) as incorporated by reference in R315-8-8 of Utah Administrative Code, as such regulations were constituted on the date first above written.

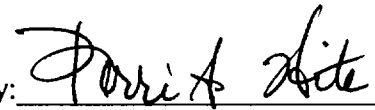
ALLIANT TECHSYSTEMS INC.

Grantor

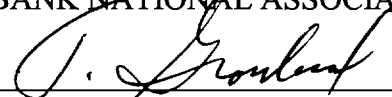
By:   
Vice President & Treasurer

(Seal)

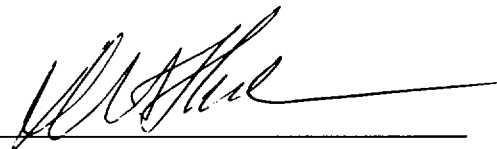
Attest:

By:   
Secretary

US BANK NATIONAL ASSOCIATION

By:   
Tom Gronlund  
Vice President

Attest:

By: 

**Alliant Techsystems Inc.**

**Schedule A**

To Trust Agreement dated June 11, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee

	<u>Closure</u>	<u>Post-Closure Care</u>
ATK Aerospace Company Inc. P.O. Box 98 Magna, UT 84044-0088 UTD001705029	\$1,249,669	\$0
ATK Aerospace Company Inc. P.O. Box 707 Brigham City, UT 84302 UTD009081357	\$2,442,261	\$2,520,914

## **Schedule B**

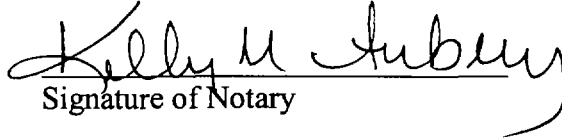
To Trust Agreement dated June 11, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee

Collateral for this Trust Agreement consists of Letter of Credit (see attached), issued by Credit Lyonnais, Standby Letters of Credit, 1301 Avenue of the Americas, New York, NY 10019, in the amount of \$6,212,844.00. The letter of credit is for closure/post-closure costs at Alliant Techsystems Inc.; Utah locations (see Schedule A for details).

State of Minnesota

County of Hennepin

On this June 11, 2002, before me personally came Robert McReavy to me known, who being by me duly sworn, did depose and say that he resides in Hennepin County, Minnesota, that he is VP & Treasurer of Alliant Techsystems Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the instrument is the corporate seal; that it was so affixed by order of the Secretary of said corporation, and that he signed his name thereto by like order.

  
Signature of Notary



**Exhibit A**

To Trust Agreement dated June 11, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee.

All orders, requests, and instruction by the Grantor to the Trustee shall be in writing, signed by the following:

  
VP & Treasurer



**U.S. Bank National Association**

225 South Sixth Street, EP-MN-M22L  
Minneapolis, Minnesota 55402-4302  
612 973-0736/0710

International Banking Division  
TELEX: 192179 USB INTL MPS  
S.W.I.F.T.: USBKUS44  
Fax: 612 973-0838

JULY 10, 2002

ENCLOSED IS OUR LETTER OF CREDIT NUMBER NO. SLCMMSP02104

BENEFICIARY

U.S. BANK NATIONAL ASSOCIATION, AS  
TRUSTEE FOR THE EXECUTIVE  
SECRETARY OF THE UTAH SOLID AND  
HAZARDOUS WASTE CONTROL BOARD  
180 EAST FIFTH STREET, 2<sup>ND</sup> FLOOR  
ST. PAUL, MINNESOTA 55101  
ATTN: TOM GRONLUND

APPLICANT

ALLIANT TECHSYSTEMS INC.  
5050 LINCOLN DRIVE  
EDINA, MINNESOTA 55436  
ATTN: LADONNA OLSON MN01-3080

U.S. BANK NATIONAL ASSOCIATION

  
AUTHORIZED SIGNATURE

**Irrevocable Standby Letter of Credit**

U.S. Bank National Association  
225 South Sixth Street  
Minneapolis, Minnesota 55402  
attn: Standby Letters of Credit EP-MN-M22L

Executive Secretary of the Utah Solid and Hazardous Waste Control Board  
P.O. Box 144880  
Salt Lake City, Utah 84114-4880

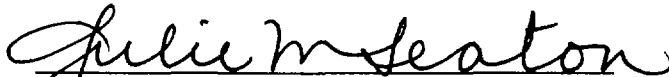
Dear Sir or Madam: We hereby establish our Irrevocable Standby Letter of Credit No. SLCMMSP02104 in the favor of U.S. Bank National Association, as trustee for the Utah Solid and Hazardous Waste Control Board, 180 East Fifth Street, 2<sup>nd</sup> Floor, St. Paul, Minnesota 55101 at the request and for the account of Alliant Techsystems, Inc., 5050 Lincoln Drive, Edina, Minnesota 55436 for third-party liability awards or settlements up to one million U.S. dollars \$1,000,000.00 per occurrence and the annual aggregate amount of two million U.S. dollars \$2,000,000.00 for sudden accidental occurrences and/or for third-party liability awards or settlements up to the amount of three million U.S. dollars \$3,000,000.00 per occurrence, and the annual aggregate amount of six million U.S. dollars \$6,000,000.00 for nonsudden accidental occurrences available upon presentation of a sight draft bearing reference to this letter of credit No. SLCMMSP02104.

This letter of credit is effective as of July 10, 2002 and shall expire on July 10, 2003, but such expiration date shall be automatically extended for a period of one year on [date] and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify you and Alliant Techsystems, Inc. by certified mail that we have decided not to extend this letter of credit beyond the current expiration date.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us.

We certify that the wording of this letter of credit is identical to the wording specified in 40 CFR 264.151(k) as incorporated by reference in R315-8-8 of the Utah Administrative Code as such regulations were constituted on the date shown immediately below

U.S. BANK NATIONAL ASSOCIATION

  
By: Julie M. Seaton  
Its: International Banking Officer  
Date: July 10, 2002

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 revision), International Chamber of Commerce Publication No. 500, or any subsequent revision thereto.

## **Standby Trust Agreement – Utah II Claims**

Trust Agreement, the "Agreement," entered into as of June 20, 2002 by and between Alliant Techsystems Inc., a Delaware corporation, the "Grantor," and US Bank National Association, a national bank, the "Trustee."

Whereas the Executive Secretary of the Utah Solid and Hazardous Waste Control Board, "Executive Secretary" an entity of the State of Utah government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of a hazardous waste management facility or group of facilities must demonstrate financial responsibility for bodily injury and property damage to third parties caused by sudden accidental and/or non-sudden accidental occurrences arising from operations of the facility or group of facilities.

Whereas, the Grantor has elected to establish a standby trust into which the proceeds from a letter of credit may be deposited to assure all or part of such financial responsibility for the facilities identified herein.

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee.

Now, therefore, the Grantor and the Trustee agree as follows:

Section 1. *Definitions.* As used in this Agreement:

- (a) The term *Grantor* means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term *Trustee* means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. *Identification of Facilities.* This agreement pertains to the facilities identified on attached schedule A [on schedule A, for each facility list the EPA Identification Number, name, and address of the facility(ies) and the amount of liability coverage, or portions thereof, if more than one instrument affords combined coverage as demonstrated by this Agreement].

Section 3. *Establishment of Fund.* The Grantor and the Trustee hereby establish a standby trust fund, hereafter the "Fund," for the benefit of any and all third parties injured or damaged by [sudden and/or non-sudden] accidental occurrences arising from operation of the facility(ies) covered by this guarantee, in the amounts of \_\_\_\_\_ [up to \$1 million] per occurrence and \_\_\_\_\_ [up to \$2 million] annual aggregate for sudden accidental occurrences and \_\_\_\_\_ [up to \$3 million] per occurrence and \_\_\_\_\_ [up to \$6 million] annual aggregate for non-sudden occurrences, except that the Fund is not established for the benefit of third parties for the following:



- (a) Bodily injury or property damage for which Alliant Techsystems Inc. is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that Alliant Techsystems Inc. would be obligated to pay in the absence of the contract or agreement.
- (b) Any obligation of [insert Grantor] under a workers' compensation, disability benefits, or unemployment compensation law or any similar law.
- (c) Bodily injury to:
  - (1) An employee of Alliant Techsystems Inc. arising from, and in the course of, employment by Alliant Techsystems Inc.; or
  - (2) The spouse, child, parent, brother or sister of that employee as a consequence of, or arising from, and in the course of employment by Alliant Techsystems Inc.

This exclusion applies:

- (A) Whether Alliant Techsystems Inc. may be liable as an employer or in any other capacity; and
  - (B) To any obligation to share damages with or repay another person who must pay damages because of the injury to persons identified in paragraphs (1) and (2).
- (d) Bodily injury or property damage arising out of the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle or watercraft.
  - (e) Property damage to:
    - (1) Any property owned, rented, or occupied by Alliant Techsystems Inc.;
    - (2) Premises that are sold, given away or abandoned by Alliant Techsystems Inc. if the property damage arises out of any part of those premises;
    - (3) Property loaned Alliant Techsystems Inc.;
    - (4) Personal property in the care, custody or control of Alliant Techsystems Inc.;
    - (5) That particular part of real property on which Alliant Techsystems Inc. or any contractors or subcontractors working directly or indirectly on behalf of Alliant Techsystems Inc. are performing operations, if the property damage arises out of these operations.

In the event of combination with another mechanism for liability coverage, the fund shall be considered primary coverage.

The Fund is established initially as consisting of the proceeds of the letter of credit deposited into the Fund. Such proceeds and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the Executive Secretary.

Section 4. *Payment for Bodily Injury or Property Damage.* The Trustee shall satisfy a third party liability claim by drawing on the letter of credit described in Schedule B and by making payments from the Fund only upon receipt of one of the following documents:

- (a) Certification from the Grantor and the third party claimant(s) that the liability claim should be paid. The certification must be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

**Certification of Valid Claim**

The undersigned, as parties [insert Grantor] and [insert name and address of third party claimant(s)], hereby certify that the claim of bodily injury and/or property damage caused by a [sudden or non-sudden] accidental occurrence arising from operating [Grantor's] hazardous waste treatment, storage, or disposal facility should be paid in the amount of \$[\_\_\_\_\_].

[Signature] Grantor

[Signatures] Claimant(s)

- (b) A valid final court order establishing a judgment against the Grantor for bodily injury or property damage caused by sudden or non-sudden accidental occurrences arising from the operation of the Grantor's facility or group of facilities.

Section 5. *Payments Comprising the Fund.* Payments made to the Trustee for the Fund shall consist of the proceeds from the letter of credit drawn upon by the Trustee in accordance with the requirements of 40 CFR 264.151(k) as incorporated by reference in R315-8-8 of the Utah Administrative Code and Section 4 of this Agreement.

**Section 6. *Trustee Management.*** The Trustee shall invest and reinvest the principal and income, in accordance with general investment policies and guidelines, which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (i) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or a State government; and
- (iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

**Section 7. *Commingling and Investment.*** The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

**Section 8. *Express Powers of Trustee.*** Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. *Taxes and Expenses.* All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements to the Trustee shall be paid from the Fund.

Section 10. *Advice of Counsel.* The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 11. *Trustee Compensation.* The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 12. *Successor Trustee.* The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's

acceptance of the appointment; the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the Executive Secretary and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 13. *Instructions to the Trustee.* All orders, requests, certifications of valid claims, and instructions to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the Grantor may designate by amendments to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the Executive Secretary hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the Executive Secretary, except as provided for herein.

Section 14. *Amendment of Agreement.* This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the Executive Secretary, or by the Trustee and the Executive Secretary if the Grantor ceases to exist.

Section 15. *Irrevocability and Termination.* Subject to the right of the parties to amend this Agreement as provided in Section 14, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the Executive Secretary, or by the Trustee and the Executive Secretary, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be paid to the Grantor.

The Executive Secretary will agree to termination of the Trust when the owner or operator substitutes alternative financial assurance as specified in this section.

Section 16. *Immunity and Indemnification.* The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor and the Executive Secretary issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonable incurred in its defense in the event the Grantor fails to provide such defense.

Section 17. *Choice of Law.* This Agreement shall be administered, construed, and enforced according to the laws of the State of Utah.

Section 18. *Interpretation.* As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation of the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written. The parties below certify that the wording of this Agreement is identical to the wording specified in 40 CFR 264.151(n) as incorporated by reference in R315-8-8 of the Utah Administrative Code as such regulations were constituted on the date first above written.

ALLIANT TECHSYSTEMS INC.

Grantor

By:

  
Vice President & Treasurer

(Seal)

Attest:

By:

  
Secretary


US BANK NATIONAL ASSOCIATION

By:

  
Tom Gronlund, Vice President

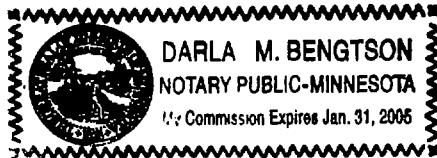
Attest:

By:



State of Minnesota  
County of Hennepin

On this June 20, 2002, before me personally came Robert McReavy to me known, who, being by me duly sworn, did depose and say that he resides in Hennepin County, Minnesota, that he is Vice President and Treasurer of Alliant Techsystems Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.



Darla M. Bengtson  
Signature of Notary

(Seal)

**Alliant Techsystems Inc.**

**Schedule A**

To Trust Agreement dated June 20, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee

ATK Aerospace Company Inc.  
P.O. Box 98  
Magna, UT 84044-0088  
UTD001705029

ATK Aerospace Company Inc.  
P.O. Box 707  
Brigham City, UT 84302  
UTD009081357

For third-party liability claims up to One Million U.S. Dollars \$1.0M per occurrence and the annual aggregate amount of Two Million U.S. dollars \$2.0M, for sudden accidental occurrences and/or for Three Million U.S. dollars \$3.0M per occurrence, and the annual aggregate amount of Six Million U.S. dollars \$6.0M for non-sudden accidental occurrences

Total Liability is \$4.0M/occurrence; \$8.0M/annual aggregate



### **Schedule B**

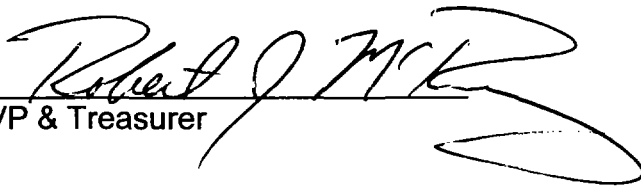
To Trust Agreement dated June 20, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee

Collateral for this Trust Agreement consists of Letter of Credit (see attached), issued by USBank National Association, Standby Letters of Credit, 225 South Sixth Street, Minneapolis, MN 55402-4302, in the amount of \$8,000,000.00. The letter of credit is for third-party liability claims at Alliant Techsystems Inc., Utah locations (see Schedule A for details).

## **EXHIBIT A**

To Trust Agreement dated June 20, 2002 by and between Alliant Techsystems Inc., the Grantor, and USBank National Association, the Trustee.

All orders, requests, and instruction by the Grantor to the Trustee shall be in writing, signed by the following:

  
VP & Treasurer